Message Text

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CONFIDENTIAL MOSCOW 18236

E.O. 11652: GDS TAGS: ESTC,UR,US

SUBJECT: U.S. FIRMS EXPERIENCES DIFFICULTIES WITH EXPORT

LICENSES FOR SPARE PARTS

USDOC FOR BEWT/OEA/WALINSKY

1. DURING RECENT MEETING WITH COMMERICAL ATTACHE, PRESIDENT OF CUTLER-HAMMER'S ENTREKIN COMPUTERS DIVISION (DAVID ENTREKIN) COMPLAINED THAT HIS COMPANY WAS BEING PLACED IN VERY DIFFICULT POSITION AS A RESULT OF DELAYS IN ISSUANCE OF EXPORT LICENSES COVERING SPARE PARTS FOR SYSTEMS ALREADY LICENSED AND SHIPPED TO USSR. ENTREKIN CURRENTLY HAS TECHNICIANS WORKING AT GAZ PLANT IN GOR'KIY ON INSTALLATION OF SYSTEM, AND WORK OF THIS GROUP IS

BEING HELD UP DUE TO LACK OF SPARES. FACT THAT VOLTAGE IF ELECTRICITY IN GAZ PLANT VARIES FROM 180 TO 250 HAS HAD VERY BAD EFFECT ON COMPUTER CIRCUIT BOARDS, NECESSITATING HIGHER THAN USUAL REPLACEMENT RATE. BIC CASE NUMBER FOR GAZ PLANT IS 903161, COVERING SPARES FOR ENTREKIN PROGRAMMABLE CONTROLLERS EXPORTED UNDER LICENSE NUMBER E-2-8-3-8011. ITEMS IN QUESTION FALL UNDER COMMODITY CONTROL NUMBER 7285(40)422. IN VIEW DIFFICULTIES IN ARRANGING FOR TRAVEL TO GOR'KIY IN FIRST PLACE, EMBASSY BELIEVES APPLICATION FOR SPARES SHOULD BE GIVEN PRIORITY ATTENTION.

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2. ON GENERAL SUBJECT OF SPARE PARTS FOR COMPUTER SYSTEMS

ALREADY EXPORTED TO USSR, EMBASSY RECOGNIZES POSSIBLE CONCERN OVER LARGE QUANTITIES SOMETIMES INVOLVED. HOWEVER, ON BASIS DISCUSSIONS WITH REPRESENTATIVES OF U.S. COMPUTER MANUFACTURERS, WE HAVE IMPRESSION THAT DUE TO GENERALLY POOR CONDITIONS UNDER WHICH SYSTEMS ARE USED HERE (I.E. VOLTAGE VARIATIONS AND LACK OF CLEAN ROOMS) NEEDS FOR REPLACEMENT PARTS ARE GREATER THAN WOULD BE CASE ELSEWHERE. IT SHOULD ALSO BE KEPT IN MIND THAT DELAYS IN DELIVERIES OF SPARE PARTS CAN BE, AND FREQUENTLY ARE, INTERPRETED BY SOVIETS AS INDICATIONS OF POOR FAITH ON PART OF U.S. SUPPLIERS, WITH NEGATIVE IMPACT ON FUTURE BUSINESS PROSPECTS. IN THIS CONNECTION, EMTREKIN ADVISED COMMATT THAT CUTLER-HAMMER EXPECTED TO DO MORE THAN DOLLARS 18 MILLION IN BUSINESS WITH USSR DURING 1975.

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